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WC 09-188
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

North Holdings, Inc.

Transferor

Runestone Telephone Association

Transferee

For Transfer of Control of Lowry Telephone Company, LLC,
which Provides Interstate Exchange Access Services in the
State of Minnesota Pursuant to a Domestic Blanket Authorization
under Section 214 of the Communications Act

)
)
) WC Docket No.

TO: Chief, Wireline Competition Bureau

**NON-STREAMLINED APPLICATION FOR TRANSFER OF CONTROL
OF DOMESTIC BLANKET SECTION 214 AUTHORIZATION**

North Holdings, Inc. ("North Holdings") and Runestone Telephone Association ("Runestone" FRN: 0003759859) hereby request Commission authorization for the transfer of control of the blanket domestic Section 214 authorization for interstate exchange access services held by Lowry Telephone Company, LLC ("LTC"; FRN: 0004324117) from North Holdings and Runestone to Runestone alone.

LTC is a Minnesota limited liability company that provides local exchange telephone and exchange access services as an independent local exchange carrier ("ILEC") in the Lowry exchange (approximately 800 access lines) in Pope and Douglas Counties in rural west central Minnesota.

Runestone is a Minnesota cooperative association that provides local exchange telephone and exchange access services as an ILEC in nine exchanges (the Barrett, Cyrus, Donnelly, Elbow Lake, Hoffman, Kensington, Norcross, Tintah and Wendell

exchanges) serving a total of approximately 3,750 access lines in Pope, Grant, Douglas, Stevens and Traverse Counties in west central Minnesota.

North Holdings and Runestone each presently own a 50 percent member interest in LTC. The proposed transaction will entail: (a) the purchase of the entire 50 percent member interest of North Holdings in LTC by Runestone; and (b) the dissolution of LTC shortly thereafter (on or about the same date of purchase) and the distribution of LTC's assets, including its Lowry exchange and customer base, to Runestone pursuant to Minnesota law. At the completion of the transaction, Runestone will own LTC's Lowry exchange and Minnesota study area (Study Area Code 361423) as well as Runestone's existing nine exchanges and existing Minnesota study area (Study Area Code 361475). Increase in its ownership of the Lowry exchange from 50.0 percent to 100.00 percent will give Runestone clear and complete *de jure* control of the blanket domestic Section 214 authorization of LTC for the Lowry exchange.

In accordance with the requirements of Section 63.04(a) of the Commission's Rules, the applicants submit the following information:

(1) Name, address and telephone number of each applicant:

Transferor:

North Holdings, Inc.
26766 County Road 28
Lowry, Minnesota 56349
Telephone: (320) 283-5959

Transferee:

Runestone Telephone Association
100 Runestone Drive (P.O. Box 336)
Hoffman, Minnesota 56339-0336
Telephone: (320) 986-2013
Facsimile: (320) 986-2050

(2) Government, state or territory under the laws of which each corporate or partnership applicant is organized:

North Holdings is a corporation organized under the laws of the State of Minnesota.

Runestone is a cooperative organized under the laws of the State of Minnesota.

LTC is a limited liability company organized under the laws of the State of Minnesota.

(3) Name, title, post office address, and telephone number of the officer or contact person to whom correspondence concerning the application is to be addressed:

For Transferor:

Richard P. Ekstrand, Chief Executive Officer
North Holdings, Inc.
26766 County Road 28
Lowry, Minnesota 56349
Telephone: (320) 283-5959

With a copy to Counsel:

Gerard J. Duffy, Esquire
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP
2120 L Street, N.W. (Suite 300)
Washington, D.C. 20037
Telephone: (202) 659-0830
Facsimile: (202) 828-5568

For Transferee:

Paul D. Brutlag, President
Runestone Telephone Association
100 Runestone Drive (P.O. Box 336)
Hoffman, Minnesota 56339-0336
Telephone: (320) 986-2013
Facsimile: (320) 986-2050

With a copy to Counsel:

Gerard J. Duffy, Esquire
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP
2120 L Street, N.W. (Suite 300)
Washington, D.C. 20037
Telephone: (202) 659-0830
Facsimile: (202) 828-5568

- (4) Name, address, citizenship and principal business of any person or entity that directly owns at least ten (10) percent of the equity of the applicant, and the percentage of equity owned by each of those entities:

LTC Prior to Transaction:

The names, addresses, citizenship and principal businesses of the sole entities that presently own ten percent (10.0%) or more of the equity and voting interests of LTC are:

<u>Name & Address</u>	<u>% Equity&Voting</u>	<u>Citizenship</u>	<u>Principal Business</u>
North Holdings, Inc. 26766 County Road 28 Lowry, MN 56349	50.00%	MN Corp.	Telecommunications
Runestone Telephone Association 100 Runestone Drive Hoffman, MN 56339	50.00%	MN Cooperative	Telecommunications

In turn, the names, addresses, citizenship and principal businesses of the sole entities that presently own ten percent (10.0%) or more of the equity and voting interests of North Holdings are:

<u>Name & Address</u>	<u>% Equity&Voting</u>	<u>Citizenship</u>	<u>Principal Business</u>
Richard & Tamara Ekstrand 26766 County Road 28 Lowry, MN 56349	100.00%	U.S.A.	Telecommunications

Richard and Tamara Ekstrand are husband and wife.

Runestone is a cooperative comprised of approximately 3,500 member-owners. None of these member-owners owns or controls (directly or indirectly) one percent (1.0%) or more of Runestone's voting or equity interests.

LTC After Transaction and Before Dissolution

The name, address, citizenship and principal business of the sole entity that will own ten percent (10.0%) or more of the equity and voting interests of LTC after the proposed transaction (and before LTC is dissolved and its assets distributed to Runestone) are:

<u>Name & Address</u>	<u>% Equity&Voting</u>	<u>Citizenship</u>	<u>Principal Business</u>
Runestone Telephone Association 100 Runestone Drive Hoffman, MN 56339	100.00%	MN Cooperative	Telecommunications

As indicated above, Runestone is a cooperative comprised of approximately 3,500 member-owners. After the dissolution of LTC, the number of Runestone's member-owners is likely to exceed 4,000 as the customers of LTC's Lowry exchange are invited to join the cooperative. None of these member-owners will own or control (directly or indirectly) one percent (1.0%) or more of Runestone's voting or equity interests.

(5) Certification pursuant to 47 C.F.R. Sections 1.2001 through 1.2003 that no party to the application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

North Holdings and Runestone hereby certify, pursuant to 47 C.F.R. Sections 1.2001 through 1.2003 that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

(6) Description of the transaction:

The proposed transaction will entail: (a) the purchase of the entire 50 percent member interest of North Holdings in LTC by Runestone; and (b) the dissolution of LTC shortly thereafter (on or about the same date of purchase) and the distribution of LTC's assets, including its Lowry exchange and customer base, to Runestone pursuant to Minnesota law. At the completion of the transaction, Runestone will own the Lowry exchange and LTC's existing Minnesota study area (Study Area Code 361423) as well as Runestone's existing nine exchanges and existing Minnesota study area (Study Area Code 361475). Increase in its ownership of the Lowry exchange from 50.0 percent to 100.00 percent will give Runestone clear and complete *de jure* control of the blanket domestic Section 214 authorization of LTC and the Lowry exchange.

(7) Description of the geographic areas in which the transferor and transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area:

A map showing the local exchange telephone service areas of LTC and Runestone is attached as Exhibit A. The Parties note that the Lowry exchange is adjacent to Runestone's Kensington and Cyrus exchanges.

Areas and Services of LTC and its Affiliates

LTC is an independent local exchange carrier that provides local exchange telephone and exchange access services to a single exchange (the Lowry exchange) in Pope and Douglas Counties in rural west central Minnesota (approximately 800 access lines).

Its local exchange service offerings include custom calling features, custom local area signaling services ("CLASS") and voice mail.

LTC also provides cable television service in the Lowry exchange.

LTC has no other subsidiaries or affiliates that offer domestic telecommunications services.

Areas and Services of Runestone and its Affiliates

Runestone is an independent local exchange carrier that provides local exchange telephone and exchange access services in nine exchanges (the Barrett, Cyrus, Donnelly, Elbow Lake, Hoffman, Kensington, Norcross, Tintah and Wendell exchanges) serving a total of approximately 3,750 access lines in Pope, Grant, Douglas, Stevens and Traverse Counties in west central Minnesota. Its local exchange service offerings include custom calling features, custom local area signaling services ("CLASS") and voice mail.

Runestone provides cable television and Internet access services in and about its local exchange service areas.

Runestone holds a non-controlling 5.0 percent interest in West Central Transport Group, LLC, a Minnesota limited liability company that operates a fiber optic network in Minnesota, South Dakota and North Dakota.

Runestone holds a non-controlling 5.0 percent interest in Northwest Minnesota Special Access, LLC, a Minnesota limited liability company that provides telecommunications network design services in northwestern Minnesota.

Runestone holds a non-controlling 5.0 percent interest in Sky Com 700 MHz, LLC, a Minnesota limited liability company that provides wireless Internet spectrum in west central Minnesota.

Runestone holds a non-controlling 20.0 percent interest in Stellar Association, LLC, a Minnesota limited liability company that provides Internet backbone services in Minnesota.

Runestone holds a non-controlling 8.0 percent interest in Cooperative Network Services, LLC, a Minnesota limited liability company that assists cooperative members in their choice and use of telecommunications and information services.

Runestone has no other subsidiaries or affiliates that offer domestic telecommunications services.

(8) Statement as to how the application fits into one or more of the presumptive streamlined categories in section 63.03 or why it is otherwise appropriate for streamlined treatment:

Because the Lowry exchange is adjacent to Runestone's Kensington and Cyrus exchanges, the application does not fit within the presumptive streamlined categories in Section 63.03(b) of the Commission's Rules, and streamlined treatment is not requested.

However, while not claiming streamlined treatment, the parties note that the proposed transaction will not have an adverse impact upon the Commission's competition and antitrust policies. Both before and after completion of the proposed transaction, LTC, Runestone and their affiliated companies will have a market share of less than ten percent (10.0%) of the interstate, interexchange market. Second, Runestone will be taking control of the existing telephone exchange and exchange access services provided by LTC, and has no affiliated telecommunications carrier (other than LTC itself) that provides competitive local exchange services or exchange access services within the Lowry exchange, while LTC does not provide competitive local exchange services or exchange access services within any of Runestone's exchanges. Finally, LTC and Runestone are incumbent independent local exchange carriers that serve a total of approximately 4,550 access lines, an amount which comprises only a very small fraction of the 3,093,097 end-user switched access lines that constituted two percent (2%) of the nation's estimated 154,654,847 end-user switched access lines installed in the aggregate nationwide as of June 30, 2008. Source: Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition Status as of June 30, 2008, July 2009, Table 1.

(9) Identification of all other Commission applications related to the same transaction:

Applicants will be filing no other Commission applications related to this transaction.

(10) Statement of whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure:

No party to the transaction is facing imminent business failure at this time. Therefore, the applicants are not requesting special consideration because a party to the transaction is facing imminent business failure.

(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction:

No separately filed waivers or waiver requests are being sought in conjunction with the proposed transaction.

(12) Statement showing how grant of the application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets:

The proposed transaction will serve the public interest by ensuring the continued operation of LTC's local exchange by its current 50.00 percent owner. LTC and Runestone have both had an excellent record of serving their rural Minnesota customers. Under the sole ownership and control of Runestone, customers in the Lowry exchange will have the opportunity to become members of the Runestone cooperative and will continue to receive quality local exchange and exchange access services at affordable rates.

Conclusion

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of the blanket domestic Section 214 authorization for interstate exchange access services held by Lowry Telephone Company, LLC from North Holdings, Inc. and Runestone Telephone Association to Runestone Telephone Association alone.

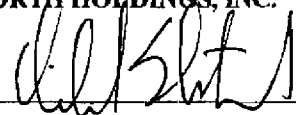
North Holdings and Runestone reiterate that they certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Respectfully submitted,

NORTH HOLDINGS, INC.

**RUNESTONE TELEPHONE
ASSOCIATION**

By



By

Printed Name:

RICARDO EKSTRAND

Printed Name:

Title:

PRESIDENT

Title:

Date:

10-06-09

Date:

Conclusion

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of the blanket domestic Section 214 authorization for interstate exchange access services held by Lowry Telephone Company, LLC from North Holdings, Inc. and Runestone Telephone Association to Runestone Telephone Association alone.

North Holdings and Runestone reiterate that they certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Respectfully submitted,

NORTH HOLDINGS, INC.

**RUNESTONE TELEPHONE
ASSOCIATION**

By _____

By Lee Maier

Printed Name: _____

Printed Name: Lee Maier

Title: _____

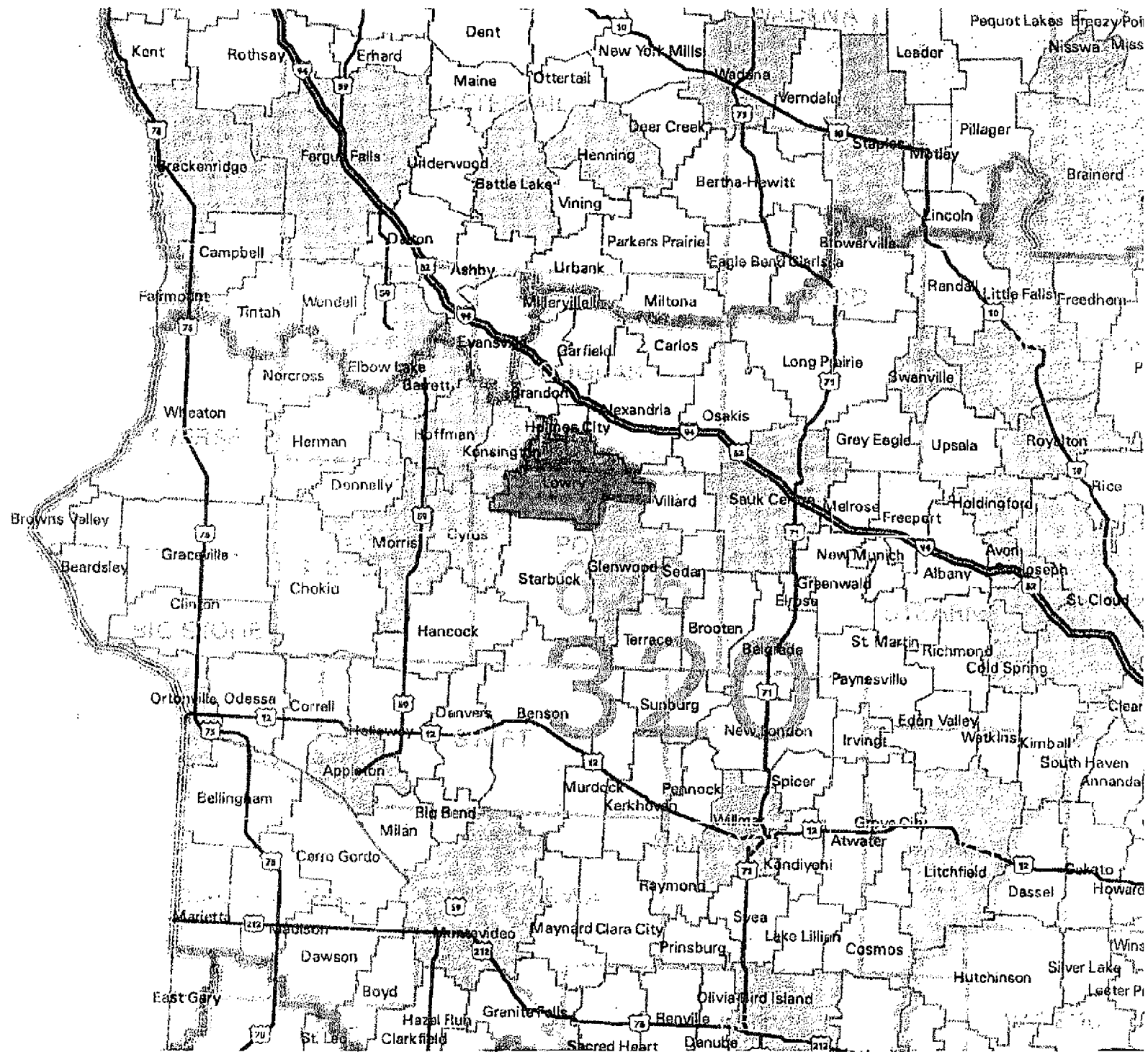
Title: General Manager

Date: _____

Date: 10-06-09

EXHIBIT A

**MAP OF LOCAL EXCHANGE AREAS
OF
LOWRY TELEPHONE COMPANY, LLC
AND
RUNESTONE TELEPHONE ASSOCIATION**



READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB
3060-0589
Page 1 of 1

(1) LOCKBOX # 979091		SPECIAL USE ONLY	
		FCC USE ONLY	
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Runestone Telecom Association		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$1,015.00	
(4) STREET ADDRESS LINE NO. 1 P.O. Box 336			
(5) STREET ADDRESS LINE NO. 2 100 Runestone Drive			
(6) CITY Hoffman		(7) STATE MN	(8) ZIP CODE 56339-0336
(9) DAYTIME TELEPHONE NUMBER (include area code) (320) 986-2013		(10) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0003759859		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME Runestone Telephone Association			
(14) STREET ADDRESS LINE NO. 1 P.O. Box 336			
(15) STREET ADDRESS LINE NO. 2 100 Runestone Drive			
(16) CITY Hoffman		(17) STATE MN	(18) ZIP CODE 56339-0336
(19) DAYTIME TELEPHONE NUMBER (include area code) (320) 986-2013		(20) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0003759859		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC) \$1,015.00	(27A) TOTAL FEE \$1,015.00	FCC USE ONLY	
(28A) FCC CODE 1		(29A) FCC CODE 2	
(23b) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1		(29B) FCC CODE 2	
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. SIGNATURE _____ DATE _____			
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s) authorization herein described.			
SIGNATURE _____		DATE _____	

SEE PUBLIC BURDEN ON REVERSE

FCC FORM 159

FEBRUARY 2003 (REVISED)